



What You Need to Know About the HDHP and Health Savings Account (HSA)

When you enroll in the Town of Darien's UnitedHealthcare High Deductible Health Plan (HDHP), you are eligible to participate in a Health Savings Account (HSA).

What is a High Deductible Health Plan?

UnitedHealthcare High-Deductible Health Plan (HDHP) features an annual deductible (\$2,000 for single coverage/ \$4,000 for family).

You pay first dollar "up front" costs for all physicians' visits, medical services, and prescriptions until you meet your annual deductible. (Note: You pay nothing for in-network preventive care services.)

Once your deductible has been met:

- In-network medical claims are covered 100% by the plan and Pharmacy is subject to copayments.
- Out-of-network coverage is shared (coinsurance) until an out-of-pocket maximum is met. At that point, the plan pays 100% for the remainder of the year. (Note: When you use an out-of-network provider, you may be billed for the difference between the provider's charge and the allowed amount. This is called "balance billing." An in-network provider may not balance bill you for covered services.)

The HDHP:

- Provides protection from big medical bills.
- Includes 100% coverage for preventive healthcare services.
- Makes you eligible to participate in a Health Savings Account (HSA).

What Is a Health Savings Account (HSA)?

An HSA is a personal health care bank account that you can use to pay out-of-pocket medical expenses with pre-tax dollars. You will own and administer your account, and there are no "use it or lose it" restrictions.

An HSA allows you to save and "roll over" money if you do not spend it in the calendar year. The money in your HSA is yours to keep, even if you change health plans or jobs or if you retire.

The HSA:

- Contains funds you can use to help pay eligible medical expenses, including your deductible.
- Is owned by you, so you can use it to save for future medical expenses, such as for retirement.
- Offers you *triple* tax savings:
 - Your contributions are made on a pre-tax basis.
 - Interest and investment earnings are tax-free.
 - You make tax-free withdrawals to pay for medical expenses (including dental and vision).

The Town of Darien's HSA is administered by [HealthEquity.com](https://www.healthequity.com)





HSA and HDHP Information

How do the HDHP and HSA Work Together?

Together, the HDHP + HSA:

- Help you control healthcare expenses.
- Increase your take-home pay and reduce your taxes.
- Provide you with flexibility and portability—you keep your HSA even if you retire or leave the Town's employment.

What Can I Spend My HSA Funds On?

HSA funds can be used for qualified and non-qualified medical expenses for yourself and your dependent spouse and tax-dependent children.

A list of eligible expenses appears in IRS Publication 502, "Medical and Dental Expenses" on the IRS website www.irs.gov, which also includes Vision.

- Non-qualified expenses are taxable and subject to a 20% penalty.

2023 Annual HSA Contribution Limits

The Town of Darien contributes 50% of your HDHP deductible (\$1,000-single or \$2,000-family) to your HSA. You may make additional contributions of your own up to the annual HSA limit, as set by the IRS. The 2023 contribution limits (the Town plus your own contributions) are:

- Employee Only: \$3,850
- Employee + 1/Family: \$7,750
- If you are age 55 or older, you can contribute an additional \$1,000.



Am I Eligible to Participate in an HSA?

Because an HSA has special tax advantages, the IRS defines specific rules for participation. To be eligible:

- You must be enrolled in an IRS-qualified high deductible medical plan. (Your UnitedHealthcare HDHP plan meets this requirement.)
- You cannot have any other health coverage:
 - Not covered by spouse's non-qualified plan.
 - Not covered by Medicare Part A or Part B.
 - Not covered through a traditional Healthcare Flexible Spending Account (either yours or your spouse's).
 - Cannot be claimed as a dependent on another person's tax return.
- You must not be covered by Tricare Military Benefits.
- You may not have Veteran Administration (VA) benefits and have utilized them three months prior to the effective date of the HSA being opened. (Note: If VA benefits are due to a disability, this regulation does not apply.)

What If I'm Not Eligible to Participate in an HSA?

The Town of Darien will open a Health Reimbursement Arrangement (HRA) for you.

- You receive the same funding from the Town as if in the HSA:
 - 50% of the applicable deductible (Single \$1,000 / Family \$2,000).
 - Unused funds will not rollover to the next plan year.
 - Tax-free funds.
 - You are not able to contribute to the HRA, so no payroll deductions.
- Your HRA is administered by Health Equity (same as the HSA).
- Use your HRA funds to pay for the same expenses:
 - Medical, pharmacy, dental, vision
 - Auto-submitted or debit card
 - Deductible, coinsurance, copayments
- You will need to substantiate dental and vision claims, as well as medical claims if not auto-submitted or auto-matched.
 - Manually match to a claim on the portal
 - Submit Explanation of Benefits (EOB) or itemized receipt.
 - Account mentors available 24/7 to assist: 866.346.5800.



The Pharmacy and Doctor's Office

What Happens When I Go to the Pharmacy?

Payment is required at the pharmacy when picking up prescriptions. The HDHP only covers prescriptions from in-network pharmacies.

- Show your medical ID card to the pharmacy.
- The pharmacy verifies your eligibility.
- You pay the applicable cost or copay if your deductible has been met.

What Happens When I Go to the Doctor's Office?

In-network:

- Show your Medical ID card at the time of service.
- Doctor submits claim.
- UnitedHealthcare processes claim.
- You receive an Invoice from your provider and an Explanation of Benefits (EOB).
 - Ensure your invoice matches up to your EOB.
 - You can pay with your HSA, if funds are available, or pay out-of-pocket.

Out-of-network:

- Show your medical ID card to the doctor.
- The non-participating doctor bills you.
 - File a claim with UnitedHealthcare.
- If you owe, the provider bills you.
 - For non-participating providers, UnitedHealthcare pays 80% while you pay 20% after you've met your deductible. (Note: Balance billing may apply.)
- When you have claim activity, you will receive an EOB or Health Statement.
 - Ensure your invoice matches up to your EOB.
 - You can pay with your HSA, if funds are available, or pay out-of-pocket.





FAQs About HSAs

Health Care Savings Account

Frequently Asked Questions

Q: Can I have an HSA if my spouse is on Medicare?

Yes, as long as you're not enrolled in Medicare and you meet the IRS eligibility requirements for an HSA. If you contribute to an HSA and cover your spouse on your plan, you can use your HSA funds to pay for qualified medical expenses for you and your spouse on Medicare.

Q: My spouse is enrolled in Medicare. Can they also be enrolled as a dependent on my HSA?

Yes, but your spouse cannot open an HSA account in their name. You may use your HSA to pay for qualified medical expenses for you and your spouse on Medicare.

Q: Who can use the money in an HSA?

The money can be used to pay for qualified medical expenses for you, your spouse, or any IRS-qualified dependent who you claimed on your income taxes, even if they're not covered on your health plan.

Q: I am enrolled in an HSA. Can I continue to contribute to my spouse's HSA and use their bank?

You and your spouse can continue to make contributions to their HSA, but you can't contribute more than the IRS family contribution annual maximum between both accounts.

Q: My child is under age 26, but I no longer claim them on my taxes. Can I still cover them using my HSA?

You can cover dependents up to age 26 on your Medical plan, but you can't use your HSA for their expenses unless you can claim the child on your tax return. Dependents who don't qualify to receive funds from your HSA may qualify to open their own HSA (by contacting a financial institution) and could be permitted to contribute up to the family maximum.

Q: I'm a veteran with a service-connected disability. Can I contribute to an HSA?

Veterans with a *service-connected* disability are not blocked from HSA eligibility because they accessed VA benefits in the past three months. Veterans who receive VA medical benefits for a *non-service-connected* disability during the prior three months are not eligible to make or receive HSA contributions.

Q: If my spouse is enrolled in Medicare, how much can I contribute to my HSA?

If your spouse enrolls in Medicare and is covered under your HDHP, you may continue to contribute up to the IRS **family** maximum; if you are 55 years of age or older you may make the \$1,000 catch-up contribution, as well. You may also use the HSA funds to pay for your spouse's qualified medical expenses.

However, if your Medicare-enrolled spouse is *removed* from your HDHP, then you may only contribute up to the IRS **individual** maximum, plus the catch-up contribution if you are age 55 years or older. You would also be able to continue to use the HSA funds to pay for your spouse's qualified medical expenses.

